Infrastructure Canada

2008-2009

Report on Plans and Priorities (RPP)

The Honourable Lawrence Cannon
Minister of Transport, Infrastructure and Communities

Table of Contents

Section I: Overview 1

Minister's Message 1

Management Representation Statement 3

Raison d'être 4

Organizational Information 6

Program Activity Architecture 8

Voted and Statutory Items 9

Planned Spending and Full-time Equivalents 10

Summary Information 11

Operating Environment 12

Plans and Priorities 18

Section II: Analysis of Program Activities by Strategic Outcome 23

Infrastructure Investments 23

Policy, Knowledge and Partnership Development 32

Performance Measurement and Evaluation 36

Section III: Supplementary Information 39

Supplementary Tables 39

Section IV: Other Items of Interest 42

Internal Services 42

For More Information 48

Section I: Overview

Minister's Message

Lawrence Cannon

As Canada's Minister of Transport, Infrastructure and Communities, I am pleased to present Infrastructure Canada's *2008-09 Report on Plans and Priorities*.

Infrastructure Canada is a key organization in the larger Transport, Infrastructure and Communities portfolio. The portfolio's work helps build our economy, contributes to a better environment, and helps make our communities better places in which to live.

This report outlines the initiatives Infrastructure Canada will undertake over the next three fiscal years and reflects the commitment of Canada's Government to help build a stronger, safer and better Canada through world-class public infrastructure.

The Government of Canada is acting on commitments made in Budget 2007 and in *Advantage Canada* by implementing a long-term infrastructure plan based on advice received during consultations with provinces, territories, the municipal sector and stakeholders.

The Building Canada plan supports the Government of Canada's priorities – a stronger economy, a cleaner environment and more prosperous, safer communities.

Through Building Canada, the Government of Canada is embarking on the largest infrastructure development program in over half a century.

The $33 billion national plan will pave the way to efficient and sustainable public infrastructure. The Building Canada plan will support economic growth and productivity, improve Canada's competitiveness, and facilitate the movement of people and goods.

Building Canada is a powerful tool to help protect and clean the environment. The plan will contribute to this governmental priority. Building Canada will produce results in areas that matter to Canadians such as cleaner air, better transit, safe drinking water and renewable energy.

Infrastructure Canada will work with partners and provinces to deliver the program that will provide predictable funding to restore and upgrade infrastructure in communities across the country. This long-term and stable funding will be invested in infrastructure priorities through to 2014.

Under the Building Canada plan, the federal government will work with provinces, territories, municipalities and the private sector to build sustainable infrastructure. Infrastructure Canada will negotiate framework agreements with the provinces and territories that will set the stage for funds to flow to infrastructure projects. In fact, a number of priority projects have already been identified for funding under the plan.

Canadians look to the Government of Canada to lead the way to a healthier and safer Canada. Building Canada will help ensure Canada is strongly positioned for prosperity, global competitiveness and a sustainable, healthy society well into the 21st century.

Infrastructure Canada is committed to reporting on results and to improving accountability to Parliament and Canadians. I encourage all who read this report and follow our progress in implementing the Building Canada plan to visit **buildingcanada.gc.ca**

The Honourable Lawrence Cannon, P.C., M.P.
Minister of Transport, Infrastructure and Communities

Management Representation Statement

I submit for tabling in Parliament, the 2008-09 Report on Plans and Priorities for Infrastructure Canada.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2008-09 Estimates: Reports on Plans and Priorities and Departmental Performance Reports:*

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat guidance;
- It is based on Infrastructure Canada's strategic outcome and program activities that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board of Canada Secretariat.

Signed: _____

Louis Ranger

Title: Deputy Head
Office of Infrastructure of Canada

This *Report on Plans and Priorities* (RPP) presents concise information on Infrastructure Canada's plans and priorities and resources over the next three fiscal years, beginning with fiscal year 2008-09, that will contribute to the achievement of its strategic outcome and expected results.

Raison d'être

Vision Statement

Canada and Canadians benefit from world-class public infrastructure.

Mission Statement

To enhance Canada's public infrastructure through strategic investments, key partnerships, sound policies and research.

Canada needs to remain competitive and productive while sustaining and improving the quality of life of Canadians. World-class public infrastructure, including safe and reliable water systems and efficient transportation systems that allow goods and people to move freely, is critical to meeting these objectives.

The Government of Canada understands that Canada needs strong and modern infrastructure in order to continue to grow and prosper. No single level of government can address the country's infrastructure needs alone. That is why the Government of Canada is working with provinces, territories, municipalities, the private sector and various stakeholders to implement the Building Canada plan.

The $33-billion Building Canada plan represents an unprecedented and long-term federal commitment to public infrastructure. The plan will help build a stronger Canada by funding projects designed to deliver results in three areas of national importance:

- a more competitive and productive economy, which can be supported by better infrastructure that, for example, facilitates the flow of goods and people, promotes interprovincial and international trade through gateways and corridors, and increases the use of e-commerce;
- a cleaner environment, which can be supported by modern and sustainable infrastructure that, for example, improves water treatment and access to safe drinking water, contributes to a reduction of air pollutants, and encourages efficient land management; and
- safer and more prosperous communities, which can be supported by quality infrastructure that, for example, enhances the vitality, safety and quality of life of Canadian communities.

By implementing the Building Canada plan and continuing to manage existing and new funding programs, Infrastructure Canada coordinates several infrastructure initiatives and continues to build the policies, knowledge and partnerships that support them. As well, Infrastructure Canada continues to play a strong role in facilitating governments and others to work in partnership to support a stronger Canada.

Organizational Information

Mandate

Infrastructure Canada was established in 2002 in order to lead the Government of Canada's efforts in addressing the infrastructure challenges of the country. Since then, the organization has evolved to become a centre of expertise for issues related to infrastructure in cities, communities and regions across Canada.

Together with Transport Canada, three agencies and 16 Crown corporations, Infrastructure Canada forms the Transport, Infrastructure and Communities (TIC) portfolio (see Figure 1).[1]

The portfolio addresses several key challenges facing Canada, in particular, those relating to our country's economic growth, the state of the environment, and the safety and prosperity of our communities. These challenges are priorities for the Government of Canada and will continue to guide the activities of the portfolio.

Organizational Structure

The Honourable Lawrence Cannon is the Minister responsible for the Transport, Infrastructure and Communities portfolio.

Infrastructure Canada is headed by a Deputy Head, Louis Ranger. The Deputy Head is supported by five Assistant Deputy Ministers:

- Assistant Deputy Minister, Policy and Communications: John Forster.
- Assistant Deputy Minister, Special Projects: Yazmine Laroche.
- Assistant Deputy Minister, Program Operations: Carol Beal.
- Assistant Deputy Minister, Corporate Services/Chief Financial Officer: David Cluff.
- Assistant Deputy Minister, Regional Integration: Gary Webster.

Infrastructure Canada's organizational structure is presented in Figure 2.

[1] Transport Canada, the Canadian Transportation Agency and the Transportation Appeal Tribunal of Canada produce their own Reports on Plans and Priorities. The quasi-judicial bodies prepare their own annual corporate plans.

Figure 1: Transport, Infrastructure and Communities Portfolio

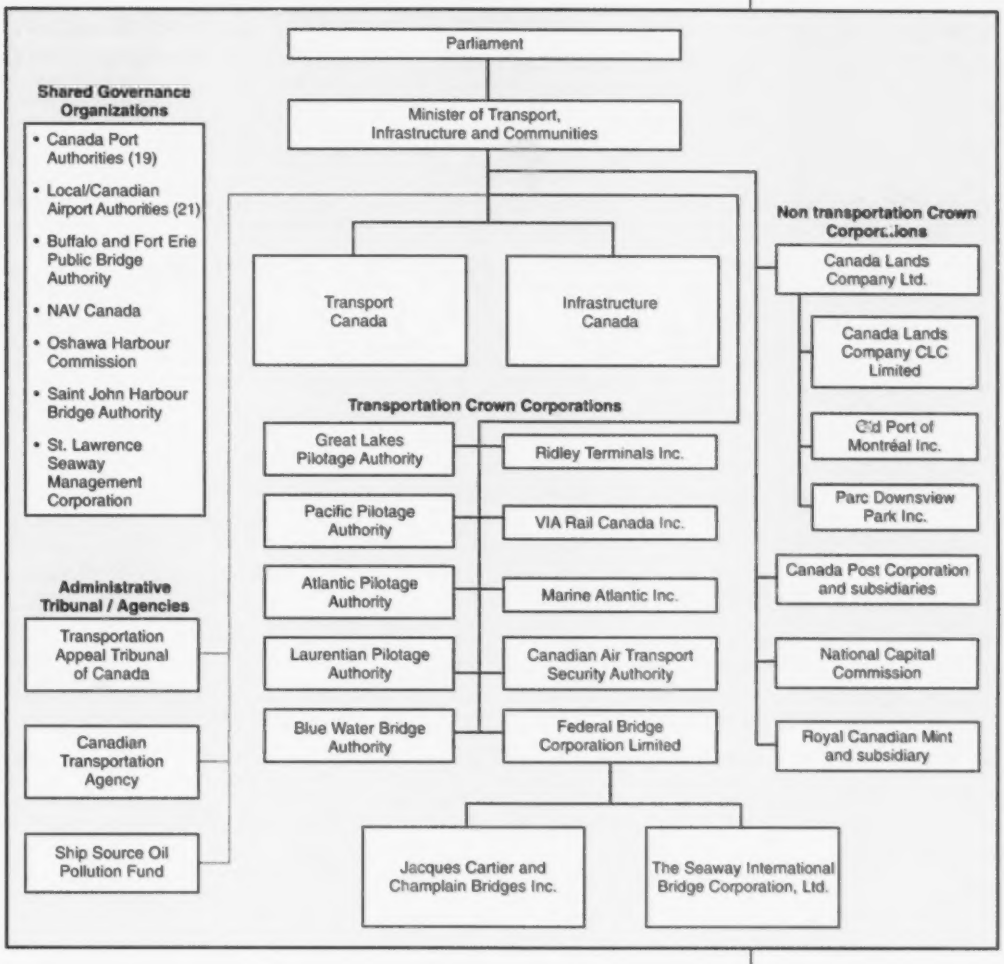
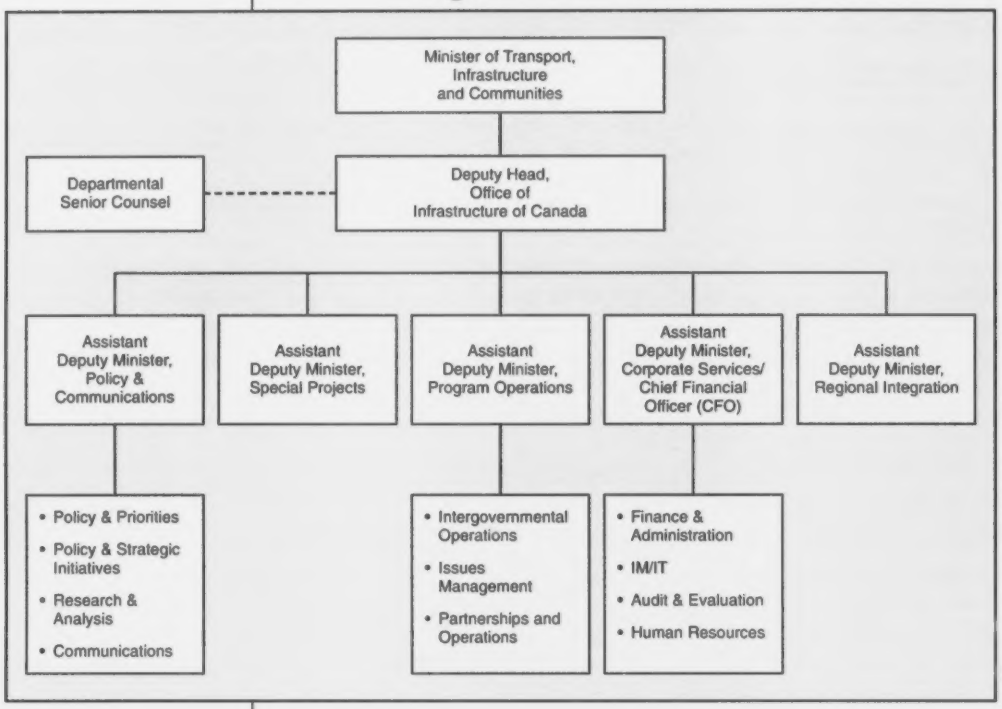

Parliament
Minister of Transport, Infrastructure and Communities
Shared Governance Organizations
• Canada Port Authorities (19)
• Local/Canadian Airport Authorities (21)
• Buffalo and Fort Erie Public Bridge Authority
• NAV Canada
• Oshawa Harbour Commission
• Saint John Harbour Bridge Authority
• St. Lawrence Seaway Management Corporation
Transport Canada
Infrastructure Canada
Non transportation Crown Corporations
Canada Lands Company Ltd.
Canada Lands Company CLC Limited
Old Port of Montréal Inc.
Parc Downsview Park Inc.
Canada Post Corporation and subsidiaries
National Capital Commission
Royal Canadian Mint and subsidiary
Transportation Crown Corporations
Great Lakes Pilotage Authority
Pacific Pilotage Authority
Atlantic Pilotage Authority
Laurentian Pilotage Authority
Blue Water Bridge Authority
Ridley Terminals Inc.
VIA Rail Canada Inc.
Marine Atlantic Inc.
Canadian Air Transport Security Authority
Federal Bridge Corporation Limited
Jacques Cartier and Champlain Bridges Inc.
The Seaway International Bridge Corporation, Ltd.
Administrative Tribunal / Agencies
Transportation Appeal Tribunal of Canada
Canadian Transportation Agency
Ship Source Oil Pollution Fund

Figure 2: Infrastructure Canada Organizational Chart


Minister of Transport, Infrastructure and Communities
Departmental Senior Counsel
Deputy Head, Office of Infrastructure of Canada
Assistant Deputy Minister, Policy & Communications
Assistant Deputy Minister, Special Projects
Assistant Deputy Minister, Program Operations
Assistant Deputy Minister, Corporate Services/ Chief Financial Officer (CFO)
Assistant Deputy Minister, Regional Integration
• Policy & Priorities
• Policy & Strategic Initiatives
• Research & Analysis
• Communications
• Intergovernmental Operations
• Issues Management
• Partnerships and Operations
• Finance & Administration
• IM/IT
• Audit & Evaluation
• Human Resources

Program Activity Architecture

Consistent with guidance provided by the Treasury Board of Canada Secretariat, this *2008-09 Report on Plans and Priorities* and the accompanying financial tables are presented using the Government's Program Activity Architecture (PAA) Framework.

Strategic Outcome

In support of its mission, Infrastructure Canada has one Strategic Outcome, which was approved in July 2006:

> *Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.*

Infrastructure Canada plans to modify the strategic outcome in 2008-09 to better comply with the new Management, Resources and Results Structure (MRRS) Policy and to better reflect current infrastructure priorities. The proposed new strategic outcome, which will require approval by the Treasury Board, is: *Quality, cost-effective public infrastructure that meets the needs of Canadians regarding a competitive economy, a clean environment and livable communities.*

Program Activities

Under the PAA, Infrastructure Canada has three program activities:

- Infrastructure Investments;
- Policy, Knowledge and Partnership Development; and
- Internal Services.

There has been no change in these program activity areas from the previous fiscal year.

Section II provides details on departmental plans under the first two of these program activities. Background information on the third activity, Internal Services, is presented in Section IV of the report, *Other Items of Interest.*

Voted and Statutory Items

Table 1: Voted and Statutory Items Listed in Main Estimates

(in $ thousands)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2008-09 Main Estimates	2007-08 Main Estimates
50	Operating expenditures	37,530	27,362
55	Contributions	2,414,778	1,988,017
(S)	Contributions to employee benefit plans	3,229	2,318
Total Department		**2,455,537**	**2,017,697**

Planned Spending and Full-time Equivalents

Table 2: Departmental Planned Spending and Full-time Equivalents

(in $ thousands)

	Forecast Spending 2007-08	Planned Spending 2008-09	Planned Spending 2009-10	Planned Spending 2010-11
Infrastructure Investments	2,000,322	**2,439,825**	2,913,786	529,089
Policy, Knowledge and Partnership Development	17,375	**15,712**	165	165
Total Main Estimates	2,017,697	**2,455,537**	**2,913,951**	**529,254**
Adjustments:				
Supplementary Estimates				
Building Canada Fund	-	**390,676**	1,562,704	1,562,704
Canada Strategic Infrastructure Fund	571,877	**60,007**	59,915	77,251
Provincial-Territorial Infrastructure Base Funding Program	326,715	-	-	-
Border Infrastructure Fund	59,763	-	-	-
Municipal Rural Infrastructure Fund	124,587	-	-	-
Gas Tax Fund	12,856	-	-	1,974,980
Research, Knowledge and Outreach	526	-	-	-
Operating funds from Infrastructure Programs	7,122	**2,492**	-	-
Infrastructure Canada Program transfer from Indian Affairs and Northern Development	709	-	-	-
Evaluation	272	-	-	-
Public Service Modernization Act	38	-	-	-
Other				
Internal Audit TB Vote 10	110	-	-	-
Collective Bargaining Agreement TB Vote 15	196	-	-	-
Operating Budget Carry Forward TB Vote 22	1,794	-	-	-
Employee Benefit Plan (EBP)	936	-	-	-
Total Adjustments	**1,107,499**	**453,175**	**1,622,619**	**3,614,935**
Net Planned Spending	3,125,196	**2,908,712**	4,536,570	4,144,189
Plus: Cost of services received without charge	2,038	**1,542**	172	172
Total Departmental Spending	3,127,234	**2,910,254**	4,536,742	4,144,361
Approved Full-time Equivalents	247	**257**	-	-

Summary Information

Financial and human resources for the organization over the planning period are summarized in Tables 3 and 4.

Table 5 lists Infrastructure Canada's priorities.

Table 6 summarizes the expected results of the two main program activities, as well as the planned spending under each activity.

Table 3: Total Financial Resources, 2008-09 to 2010-11

(Net Cost of Program in $ thousands)

2008-09	2009-10	2010-11
2,910,254	4,536,742	4,144,361

Table 4: Total Human Resources, 2008-09 to 2010-11

(Full Time Equivalents)

2008-09	2009-10	2010-11
257	-	-

Table 5: Infrastructure Canada's Priorities

Priority	Type
1. Delivering key elements of the Building Canada plan	New
2. Managing the current suite of infrastructure programs	Ongoing (modified)

Table 6: Program Activities by Strategic Outcome

(in $ thousands)

		Planned Spending			
	Expected Results	2008-09	2009-10	2010-11	Contributes to the following priority
Strategic Outcome: Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.					Priorities 1 and 2
Program Activity #1: Infrastructure Investments	Maximize economic, social, cultural and environmental benefits for Canadians through investments in public infrastructure in a coordinated manner with provincial, territorial and municipal governments, and First Nations	2,893,941	4,536,510	4,144,129	
Program Activity Policy, and Partnership Development	Develop policies to address existing and emerging challenges and opportunities that are based on research and input from strong partnerships	16,314	232	232	

Operating Environment

This sub-section briefly describes the external and internal factors that influence Infrastructure Canada's planning and decision making on a day-to-day basis.

Infrastructure Challenges

Modern, world-class public infrastructure is a key factor in achieving the Government's goals of a stronger economy, a cleaner environment and better communities.

Infrastructure and the Economy

Canada's economy is strong, with growth rates that surpass those of all other G-7 nations. However, if Canada is to continue to live up to its potential in a global economy characterized by emerging economic superpowers, international "just-in-time" supply chains and fierce competition, modern, efficient and reliable infrastructure is essential to the country's prosperity today and for the long-term.

Inadequate infrastructure can deter foreign investors and constrain economic growth. Research shows that inadequate public infrastructure tends to drive away foreign investment more so than quality infrastructure attracts private investment. This, in turn, suggests that public infrastructure is taken "as a given" – something that must be present. In fact, 80% of multinational executives believe that poor infrastructure quality affects Canada as an investment destination.

Public infrastructure is also related to productivity. Congestion, for example, takes a major economic toll – it slows movement of goods and impacts productivity. Transport Canada estimates the total annual cost of congestion in terms of lost time and fuel consumption to be between $2.3 billion and $3.7 billion (in 2002 dollars) for Canada's nine major urban areas.

Modern, efficient infrastructure is necessary to get Canadian goods and service to global markets, which is critical for Canada, the most trade-dependent nation among the G-7. Exported goods and services account for 38% of its gross domestic product (GDP) in 2005.

More than $1.8 billion in trade crosses the Canada-US border alone each day. In the last decade, trade with the United States has grown by an average of almost 6% a year. Canada's growing trade with emerging economies, particularly in Asia, is also straining the transportation system. From 1999 to 2004, Canada's merchandise exports to China grew, on average, by 20% a year. This sharp and sustained rise in trade and traffic puts relentless pressure on major corridors and border crossings, creating bottlenecks and impeding the flow of goods and people. Having the infrastructure in place that allows the transportation system to move people and goods – quickly and reliably – is crucial to Canada's competitiveness.

Canada's three largest cities (Toronto, Montreal and Vancouver) generate 35% of the country's GDP, a major factor in the broader Canadian economy. Modern infrastructure also creates employment opportunities and attracts skilled knowledge workers, particularly in Canada's urban centres, boosting the cities' growth and competitiveness. Modern, efficient infrastructure providing water, energy, and local transportation, as well as facilities for culture and sports, is critical to attracting people, jobs and investment in communities across Canada.

Infrastructure and the Environment

Maintaining a healthy and sustainable environment is directly related to the well-being and prosperity of Canadians. Infrastructure investments can be a powerful tool for achieving environmental goals. Better infrastructure planning and construction can reduce the impact of human activity, and help protect and improve the environment.

Air pollution is estimated to cause at least 5,000 premature deaths each year in Canada, with personal transportation being among the main causes of air pollution. Shifting a larger portion of this traffic to public transit can improve air quality by providing an alternative to driving that is energy efficient and lower in emissions. A transit rider creates 65% lower greenhouse gas emissions than an auto user for the same trip, and commuters who take transit just twice a week can reduce their emissions by 25%.

Energy generation is another major contributor to air pollution in many areas of the country. In general, Canada has one of the most diversified electricity generation bases in the world, with sources including natural gas, oil, coal, nuclear power, and hydro-electricity and other renewable energy. However, there is an increasing need to make Canada's energy supplies and technologies cleaner and more efficient.

Water pollution is another major environmental challenge. Wastewater effluents are one of the largest sources of pollution to Canadian waters. Although 84% of inland municipal populations in Canada that are served by sewers receive secondary or tertiary wastewater treatment, a minority of coastal communities served by sewers has only secondary treatment, with most having only primary or no treatment at all. In addition, the cost of treating health problems related to water pollution is estimated at about $300 million per year. Again, effective modern infrastructure is needed to ensure sufficient processing and purification of wastewater, both for the protection of human health and to ensure the long-term viability of Canada's aquatic environments.

Infrastructure and Communities

Canada's national strengths are a function of the strengths of its communities, whether large or small, urban or rural. Livable and prosperous communities of all sizes define Canadians' standard of living, quality of life and overall well-being. These communities must continually adapt to increasingly rapid change, and provide the infrastructure to maintain and improve residents' quality of life.

In the integrated global economy, Canada's large cities must compete with other global cities for private-sector capital investment and a skilled workforce. Today's skilled knowledge workers have high job mobility, picking and choosing the community where they will apply their skills. Cities and communities that provide a high quality of life are therefore able to attract, retain and create the required human capital to remain economically competitive. Talented professionals and investors are attracted to healthy, prosperous, vibrant and safe communities supported by public infrastructure such as public transit, sports facilities, green spaces, and arts and cultural institutions.

Although many of Canada's largest cities consistently rank highly on global quality of life surveys, they face constant pressure to maintain this standing.

Smaller communities also have unique challenges. They must build and maintain the full range of municipal infrastructure regardless of their population size. A lack of reliable and affordable transportation is seen as an obstacle to community development, reducing citizens' mobility and creating barriers and costs for community and rural businesses. In remote communities, the lack of broadband communications service is another significant deterrent to growth and residents' quality of life.

An important determinant of a community's livability is the safety and reliability of its drinking water - an infrastructure issue of growing concern in many centres across Canada, particularly smaller and rural communities.

In addition to other issues facing cities and communities, decades of expansion and industrial development have contributed to a prevalence of "brownfield" sites across Canada. The National Round Table on the Environment and the Economy estimates that redevelopment of these sites has the potential to generate up to $7 billion a year in public benefits.

Partnerships

Infrastructure Canada's operating environment is characterized by a strong reliance on developing and maintaining effective partnerships.

Infrastructure plays a prominent part in maintaining and enhancing the strength and quality of communities. Canadians list the environment, health and local infrastructure – particularly safe water, transit and roads – among their priority concerns.

Canadians expect all orders of government to cooperate to ensure that Canada has a modern, world-class public infrastructure. They also expect the federal government to demonstrate leadership in bringing governments, the private sector and other interests together in support of national objectives.

Federal Partners

As the lead federal department responsible for infrastructure policy development and program delivery, Infrastructure Canada collaborates with other federal departments and agencies. In particular, it works closely with Transport Canada on a range of initiatives under the TIC portfolio. Transport Canada, for example, is the lead department

on two key elements of the Building Canada plan – the Gateways and Border Crossings Fund and the Asia-Pacific Gateway and Corridor Initiative.

Major federal partners include Indian and Northern Affairs Canada (the delivery agent for the First Nations Infrastructure Fund), Industry Canada, Western Economic Diversification Canada, the Atlantic Canada Opportunities Agency, and Canada Economic Development for Quebec Regions. Other federal partners include Environment Canada, Canada Mortgage and Housing, and Public Works and Government Services Canada for broader issues in support of contributing to better communities. These departments and agencies share their knowledge of local needs and priorities, as well as their technical expertise, resources and governance structures and are critical to the organization's ability to fulfill its mandate.

Working with Other Jurisdictions and Partners

In addition to federal partners, Infrastructure Canada collaborates with provincial, territorial and municipal governments, as well as universities, research institutes, civil society organizations, the private sector and other experts. This collaboration is intended to:

- better manage partnership-funded public infrastructure projects;
- maintain and generate new, horizontal initiatives relating to infrastructure and place-based issues;
- develop a stronger, more multi-disciplinary research community that can provide support for policy and decision makers in the multiple sectors involved in addressing Canada's infrastructure needs; and
- disseminate and communicate knowledge about infrastructure to key partners.

Public-Private Partnerships

Experience around the world has shown that properly designed public-private partnerships (P3s) can deliver public infrastructure more efficiently, with relatively lower costs, faster completion, and better management of project risks. At the same time, appropriate public control can be preserved.

While Canada has made some progress in the use of P3s with the development of some high profile projects (including the Confederation Bridge linking Prince Edward Island and New Brunswick, and the Canada Line transit project in British Columbia), when measured against comparable western jurisdictions such as the United Kingdom

or Australia, Canada generally lags behind in the use of P3s. In fact, Canadian pension funds are often investing in public infrastructure projects in other countries as a result of a lack of P3 opportunities to be found within Canada.

With Budget 2007, the Government of Canada announced that it will take a leadership role in developing P3 opportunities within Canada through two initiatives. The first is the $1.25 billion Public Private Partnerships Fund. This program will support innovative projects that provide an alternative to traditional government infrastructure procurement. The P3 Fund will help expand infrastructure financing alternatives in Canada, provide incentives to attract investments from the private sector, and increase knowledge and expertise in alternative financing.

In addition, the Government of Canada is committing $25 million over five years to establish a federal P3 Office. The P3 Office will facilitate a broader use of P3s in Canadian infrastructure projects, including through the identification of P3 opportunities at the federal level. The Building Canada plan also encourages the development and use of P3 best practices by requiring that P3s be given consideration in larger infrastructure projects funded through the Gateways and Border Crossings Fund and by the Building Canada Fund.[2]

Improving Understanding of Infrastructure Issues

Enhanced understanding of infrastructure issues is essential for achieving the federal government's goal of having modern and efficient 21st Century infrastructure across the country. Improving knowledge and awareness of infrastructure challenges in support of sound policy and decision making is increasingly important for several reasons:

- The *policy environment for infrastructure has changed dramatically in recent decades*. This is the consequence of, among other factors, technological and materials advances, the heightened profile of issues such as climate change and the dual forces of globalization and continental economic integration, and the introduction of new environment, safety and health regulations and other governance mechanisms.
- *Important knowledge gaps exist regarding both infrastructure and its impacts on communities*, including the state and performance of Canada's core infrastructure, and the economic, social, cultural and environmental effects of infrastructure at the community level.

[2] A separate P3 initiative involving federal government procurement is under development by Treasury Board and Public Works and Government Services Canada.

- *Challenges remain in increasing the understanding of infrastructure issues* among Canadians, generating awareness of the federal contribution to infrastructure in Canada, and getting research to practitioners as well as improving the state of practice in the field.
- *Pressures on existing infrastructure continue to mount* due to increased movement of goods, services and people, as well as climate change impacts. At the same time, consistent with a general trend among highly industrialized countries, public capital investment as a percentage of GDP has dropped steadily since the mid-1970s.
- *The concept of infrastructure itself has evolved.* The infrastructure required to support the efficient functioning of a knowledge-based economy and society characterized by increasingly tight economic linkages with its neighbor to the south has become much more complex.
- *The nature of infrastructure projects has also changed over recent decades.* Today's projects now tend to feature increased technical, planning, legal and financial complexities.

These trends have direct implications for the role of government in infrastructure. They call for a solid foundation of knowledge, research and expertise to support sound policy decisions. They also point to the need for continued and expanded efforts to promote knowledge transfer and dissemination to encourage the uptake of new integrated knowledge by policymakers and end-users.

Plans and Priorities

Infrastructure Canada has established two priorities in support of its Strategic Outcome:

1. Delivering key elements of the Building Canada plan; and
2. Managing the current suite of infrastructure programs.

These priorities have been changed from the 2007-08 RPP:

- Priority 1 is new, representing the fact that Infrastructure Canada is responsible for Building Canada, the government's new comprehensive, long-term plan to modernize Canada's public infrastructure and for delivering keys elements and funds of this plan.
- Priority 2 is an ongoing priority, to ensure the sound management of infrastructure investments and "sunsetting" programs.

Priority 1: Delivering key elements of the Building Canada plan

Building Canada

As outlined in Budget 2007 and reaffirmed in the October 2007 Speech from the Throne, the Government of Canada's new Building Canada plan will support the development of world-class modern infrastructure.

More than 50% of the total funding under the plan will be base funding of $17 billion for municipalities, including the Gas Tax Fund (GTF), which has been extended to 2014. The GTF focuses on investments in environmentally sustainable municipal infrastructure that promote national objectives of cleaner air, cleaner water and reduced greenhouse gas emissions, as well as capacity building to support the development of Integrated Community Sustainability Plans (ICSPs). Municipalities will continue to receive through the Canada Revenue Agency the 100% GST rebate, which will provide flexible funding. In addition, they will be eligible for specific project funding under other infrastructure programming to meet their infrastructure priorities.

Infrastructure Canada will be responsible, within the Transport, Infrastructure and Communities portfolio, for delivering the following key elements of the plan:

- $8.8 billion for the new Building Canada Fund (BCF), which will go towards major projects as well as projects in smaller communities;
- $25 million a year in provincial-territorial base funding for a total of $2.275 billion over seven years; and
- $11.8 billion for the GTF.

Transport Canada is responsible for several other key elements of the plan, including $2.1 billion for the new Gateways and Border Crossings Fund, and $1 billion in funding for the Asia-Pacific Gateway and Corridor Initiative. For more information on the plan, see **www.buildingcanada.gc.ca**

Federal support under Building Canada will total $33 billion over the period 2007-08 to 2013-14, including the $16 billion in infrastructure funding provided in Budget 2006 and the $17 billion in Budget 2007. Table 7 shows the allocation of the $33 billion over the period.

Table 7: Building Canada Plan 2007-2014

Infrastructure Fund	Allocation
Municipal GST Rebate	$5.8B
Gas Tax Fund	$11.8B
Building Canada Fund	$8.8B
Public-Private Partnerships Fund	$1.25B
Gateways and Border Crossings Fund	$2.1B
Asia-Pacific Gateway and Corridor Initiative	$1.0B
Provincial-Territorial Base Funding	$2.275B
Total	**$33B**

In implementing the plan, Infrastructure Canada will continue to work with federal departments and regional development agencies, and provincial, territorial and municipal governments. The Government of Canada is moving quickly to finalize agreements with provinces and territories.

In support of this priority in 2008-09, Infrastructure Canada also will:

- finalize all necessary authorities to implement the Building Canada programs;
- conclude framework agreements with each province and territory; these agreements will promote cooperation and coordination on infrastructure issues and programs and establish a joint federal-provincial/territorial Framework Committee that will oversee implementation of Building Canada in each jurisdiction;
- conclude funding agreements for the Communities Component of the BCF and establish a competitive application process to receive and jointly assess investment proposals;
- conclude funding agreements for the provincial-territorial base funding with each jurisdiction;
- conclude project specific agreements for major projects under the BCF;
- design and implement an appropriate program to deliver the BCF to First Nations;
- extend GTF agreements to reflect the additional $8 billion in Gas Tax funding committed in Budget 2007 for 2010-14;

- manage the implementation of GTF agreements, including the coordination and collaboration with provinces, territories and municipalities for its administration;
- conduct joint evaluations of the GTF program with signatories to assess the success and effectiveness of the program to date;
- working with its domestic and international partners to ensure efficiency in the plan's delivery, ensure the sound administration and management of the funding initiatives under the plan; and
- work with the Department of Finance to launch the P3 Fund.

Policy, Knowledge and Partnerships

In support of Building Canada, Infrastructure Canada will continue to collaborate with the provinces and territories, municipalities, First Nations and other partners and stakeholders to develop strategic policies based on sound knowledge and strong partnerships. Support for research, knowledge and capacity-building will be integrated to promote innovation and progress in delivering world-class public infrastructure and address infrastructure knowledge gaps and emerging issues.

Planned initiatives in 2008-09 in support of this priority include:

- facilitating and contributing to federal policy analysis and the development of options for federal priorities impacting infrastructure initiatives and other issues related to cities and communities, in collaboration with other federal departments and other stakeholders;
- strengthening collaboration with provinces, territories and municipalities through, for example, federal-provincial/territorial framework agreements;
- implementing the Strategic Research and Partnerships component of the Building Canada Fund to support research, knowledge and capacity-building;
- supporting research collaboration with the National Research Council and the National Round Table on Sustainable Infrastructure to enhance understanding of the state and performance of Canada's core infrastructure;
- continuing to manage and disseminate the research from the two components of the Research, Knowledge, and Outreach Program (the Knowledge-building, Outreach and Awareness program and the Peer Reviewed Research Studies funding program) and monitoring the progress of funded research;
- supporting the building of municipal capacity to facilitate the completion of ICSPs required under the GTF;

- maintaining and enhancing strong partnerships with regional development agencies and other partners for the delivery of programs and projects; and
- continuing to work with key international bodies on infrastructure issues and best practices, for example the current review of Toronto by the Organization for Economic Cooperation and Development (OECD) in partnership with Ontario and the City of Toronto.

Priority 2: Managing the current suite of infrastructure programs

Infrastructure Canada continues to manage and leverage five established infrastructure investment funds to improve the state of Canada's public infrastructure and, in turn, enhance the economic, social, cultural and environmental quality of life of Canadians. Infrastructure Canada will continue to work in a coordinated manner with other federal departments and agencies, provincial, territorial and municipal governments, and First Nations in delivering these funds, which are scheduled to wind down (sunset) over the next several years.

The "sunsetting" funds are:

- the Infrastructure Canada Program (ICP);
- the Municipal Rural Infrastructure Fund (MRIF);
- the Canada Strategic Infrastructure Fund (CSIF);
- the Border Infrastructure Fund (BIF); and
- the Public Transit Fund (PTF).

In support of this priority in 2008-09, Infrastructure Canada plans to:

- continue with the sound administration of the funding programs in cooperation with its federal delivery partners, including following up on program audit reports where recommendations for corrective actions are required;
- complete management responses on mid-term evaluations, where required; and
- continue working with the provinces and territories to determine the projects to receive remaining uncommitted funds under the CSIF and MRIF.

Section II: Analysis of Program Activities by Strategic Outcome

The information presented in this section is organized by Infrastructure Canada's Program Activity Architecture for 2008-09, which consists of the following three program activities:

- **Infrastructure Investments** – Consists of all infrastructure programming delivered through transfer payments as well as the related program management and monitoring functions. The activity contributes to the construction, renewal and enhancement of public infrastructure in Canada and builds capacity for addressing infrastructure issues in partnership with others.
- **Policy, Knowledge and Partnership Development** – Consists of activities undertaken in policy development, knowledge, research and analysis, and partnership development. The activity develops policies and strategic initiatives based on research and strong partnerships to address existing and emerging challenges and opportunities.
- **Internal Services** – Encompasses the Office of the Deputy Head, Corporate Services, Communications, and Legal Services.

Details on departmental plans under the first two of these program activity areas are provided in this section. Background information on the Internal Services program activity is presented in Section IV of the report, *Other Items of Interest*.

Infrastructure Investments

Under this Program Activity, Infrastructure Canada manages two categories of funds providing investments in Canada's priority infrastructure needs: three funds that directly support the new Building Canada plan; and five established initiatives scheduled to wind down ("sunset") over the next several years.

The expected result of this Program Activity is to maximize economic, social, cultural and environmental benefits for Canadians through investments in public infrastructure in a coordinated manner with provincial, territorial and municipal governments, and First Nations.

Table 8: Financial and Human Resource Requirements, Infrastructure Investments, 2008-09 to 2010-11

Financial Resources (in $ thousands)

2008-09	2009-10	2010-11
2,893,941	4,536,510	4,144,129

Human Resources (full-time equivalents)

2008-09	2009-10	2010-11
173	-	-

1. Building Canada Plan

As outlined in Budget 2007 and reaffirmed in the October 2007 Speech from the Throne, the Government of Canada's new long-term infrastructure plan will provide an unprecedented $33 billion in total funding over seven years through to 2014 to support the development of world-class modern infrastructure. Building Canada is a comprehensive, long-term plan to collaborate with provinces, territories, municipalities and the private sector on the largest infrastructure development program undertaken in Canada in more than 50 years.

Infrastructure Canada has overall responsibility for overseeing and coordinating the plan across participating departments. Infrastructure Canada will be responsible, within the Transport, Infrastructure and Communities portfolio, for delivering the following key elements of the plan[3]:

- $8.8 billion for the new Building Canada Fund (BCF), which will go towards major projects as well as projects in smaller communities;
- $25 million a year in base funding to each province and territory, for a total of $2.275 billion over seven years; and
- $11.8 billion for the Gas Tax Fund (GTF), which focuses on investments in environmentally sustainable municipal infrastructure that promote national objectives of cleaner air, cleaner water and reduced greenhouse gas emissions, as well as capacity building to support the development of ICSPs.

[3] Transport Canada is responsible for several key elements of the plan: $2.1 billion for the new Gateways and Border Crossings Fund; and $1 billion in funding for the Asia-Pacific Gateway and Corridor Initiative. For more information on the plan, see **www.buildingcanada.gc.ca**

Infrastructure Canada will work in a coordinated manner with federal departments and regional development agencies, and provincial, territorial and municipal governments to implement the Building Canada plan. The Government of Canada plans to move quickly to conclude agreements with provinces and territories to implement the plan.

Building Canada Fund (BCF)

The BCF will total $8.8 billion over seven years, focusing on projects that deliver economic, environmental, and social benefits to all Canadians. The BCF provides a national framework within which to address regional infrastructure priorities. Investments will target the strategic national priorities of core national highway system routes, drinking water, wastewater, public transit and green energy. Other eligible investment priority areas include environmental projects (solid waste management), projects that support economic growth and development (short-line rail and short-sea shipping, connectivity and broadband, tourism and regional and local airports), as well as projects that contribute to the ongoing development of safe and strong communities (disaster mitigation, culture, sport, local roads and bridges, and brownfield redevelopment). Funding will be used to support public infrastructure owned by provincial, territorial and municipal governments and entities, as well as the private and non-profit sectors where appropriate.

As committed in Budget 2007, funding will be allocated for projects in the various provinces and territories based on their population (as of the 2006 Census). The program will operate through two components: the Major Infrastructure Component (MIC) and the Communities Component. All projects will be cost shared, with the maximum federal contribution to any single project being 50%. In general, municipal infrastructure projects will be cost-shared on a one-third federal funding basis. For projects where the asset is owned by a private for-profit entity, the maximum federal contribution will be 25%.

The MIC will target larger, strategic projects of national and regional significance. Two-thirds of funding under the MIC component, on a national basis, will be directed to the above-mentioned national priorities. Projects under the MIC will be identified on the basis of merit through a discussion with provinces and territories and through the infrastructure framework committee (IFC). All projects will be required to meet criteria targeting environmental, economic and quality of life objectives.

To address the unique infrastructure pressures facing smaller communities, the Communities Component will focus investments on projects in communities with populations of less than 100,000 (as of the 2006 census). Projects will be selected through an application-based process and, like projects under the MIC, will be evaluated on the extent to which they meet environmental, economic and quality of life objectives. This will significantly help smaller communities address their infrastructure pressures and serve as a complementary instrument to GTF funding.

Provincial-Territorial (P/T) Base Fund

The Building Canada plan provides $25 million annually to each province and territory over seven years, for a total of $175 million for each jurisdiction. This represents an expenditure of $2.275 billion over seven years. The P/T Base Fund provides significant flexibility to provinces and territories to support their infrastructures priorities, including all of the categories under the BCF, as well as non-core national highway system infrastructure and the safety-related rehabilitation of infrastructure in all BCF eligible categories.

Funding will be cost-shared with provinces (50% federal share) and territories (75%) to maximize investment by all orders of government, but, similar to the GTF, federal funding will be provided up-front and on a regular basis, and does not have to be utilized in the year in which it was provided. This ensures additional financial flexibility to provinces and territories as part of Building Canada. All provinces and territories will benefit from this investment in modern public infrastructure, particularly smaller jurisdictions, which generally have lower population densities.

In 2008-09, Infrastructure Canada plans to:

- conclude Framework Agreements under the current BCF and P/T Base Fund with those jurisdictions not yet covered by an agreement;
- complete Memoranda of Understanding with federal partners to deliver BCF and P/T Base funds;
- adjust the First Nations Infrastructure Fund (FNIF) to deliver BCF to First Nations; and
- ensure sound administration of the BCF and P/T Base Fund.

Gas Tax Fund (GTF)

The GTF committed $5 billion from 2005-06 to 2009-2010 of funding to municipalities through agreements with provinces and territories and to on-reserve First Nations communities. Budget 2007 added $8 billion in new funding and extended the GTF from 2010 to 2014 at $2 billion per year. Building Canada will provide direct funding to municipalities of $11.8 billion from 2007-08 to 2013-14.[4]

Eligible investments include capital expenditures in environmentally sustainable municipal infrastructure such as water, wastewater, solid waste, public transit, community energy systems, and local roads and bridges.

The GTF also provides funding to increase the capacity of communities to undertake long-term planning. Funding for planning capacity is complemented by a requirement for communities to develop ICSPs, which are long-term plans aimed at addressing issues facing cities and communities for their improved sustainability.

The GTF seeks to provide maximum flexibility to provinces and municipalities in terms of its administration, while harnessing a unique collaborative partnership between three orders of government (federal, provincial and municipal) to produce better overall results. For municipalities, this means an up-front flow of stable, predictable funding for projects, and includes the financial flexibility to pool, bank and borrow against the funding for their infrastructure investments.

This flexibility is balanced by agreements that set out a rigorous shared accountability regime that enables the Minister to report to Parliament on how the funds are being spent, and in particular how those expenditures relate to Government of Canada priorities for the economy, the environment and prosperous communities.

Recent examples of infrastructure projects supported under the GTF include:

- the Greater Vancouver Transportation Authority has dedicated $49.1 million of Gas Tax funds towards the purchase of 199 buses in 2008; the total cost of the project is $139 million with the transportation authority covering the remaining costs;
- $5.5 million in funding to the City of Regina, SK, for solid waste infrastructure in efforts to reduce greenhouse gas emissions;
- more than $1.3 million under the Community Energy category for six projects in the City of Greater Sudbury, ON, to improve the energy efficiency of municipal buildings;

[4] The funding over the seven fiscal years is: 2007-08, $800 million; 2008-09, $1 billion; 2009-10, $2 billion; and from 2010-14, $8 billion.

- about $163,000 in funding to the Town of Qualicum Beach, BC, to provide ultraviolet water disinfection technology for a critical water supply source; and
- $38,000 to Qamani'tuuq (Baker Lake) in Nunavut to upgrade a pump house providing clean, safe water to the Kivalliq Region.

In 2008-09, Infrastructure Canada plans to:

- manage the implementation of GTF agreements, including the coordination and collaboration with provinces, territories and municipalities for its administration;
- implement the shared performance management framework for outcomes reporting as well as develop a strategy for national GTF reporting;
- complete a management response on the implementation evaluation of the GTF;
- conduct an internal audit of the adequacy and effectiveness of the management control framework of GTF;
- conduct joint evaluations of the program with signatories to assess the success and effectiveness of the program to date; and
- amend GTF agreements to add the new Gas Tax funding committed in Budget 2007 for 2010-14.

2. "Sunsetting" Programs

The second category of infrastructure investment funds consists of five older initiatives scheduled to wind down ("sunset") over the next several years: the Infrastructure Canada Program (ICP); the Municipal Rural Infrastructure Fund (MRIF); the Canada Strategic Infrastructure Fund (CSIF); the Border Infrastructure Fund (BIF); and the Public Transit Fund (PTF).

Infrastructure Canada Program (ICP)

The $2.05-billion ICP was created in 2000 to enhance infrastructure in Canada's urban and rural communities, and improve quality of life through investments that protect the environment and support long-term community and economic growth.

As of March 31, 2007, virtually all ICP funding was committed, and 3,883 projects across Canada had been approved. Some limited funding remains in ICP for Ontario, Quebec, British Columbia, Alberta, Saskatchewan, and Manitoba. The ICP (with the exception of the First Nations component) was extended to March 31, 2011 to allow all agreements and projects to be completed, though no additional funding will be provided.

A minimum of 50% of federal expenditures has been devoted to such projects as water and wastewater systems, solid waste management and recycling, and capital expenditures to retrofit or improve the energy efficiency of buildings and facilities owned by local governments. Other priorities include local transportation infrastructure, cultural and recreational facilities, rural and remote telecommunications and affordable housing.

Funding for the ICP was transferred to the five federal delivery partners responsible for program delivery: Western Economic Diversification Canada (for projects in the Western provinces); Industry Canada (for Ontario projects); Canada Economic Development – Quebec (for Quebec projects); Atlantic Canada Opportunities Agency (for projects in the Atlantic provinces); and, Indian and Northern Affairs Canada (for First Nations and the three territories). Detailed reporting on ICP expenditures is the responsibility of these organizations.

In 2008-09, Infrastructure Canada plans to:

- continue to oversee the sound administration of the ICP program in cooperation with federal delivery partners;
- follow up with its federal delivery partners on program audit reports where recommendations for corrective actions are required; and
- conduct an internal audit of the ICP program.

Municipal Rural Infrastructure Fund (MRIF)

MRIF was allocated $1 billion for small-scale municipal infrastructure projects designed to promote improved quality of life in both urban and rural communities. The MRIF was augmented with an additional $200 million in January 2007.

Its long-term commitment to public infrastructure will help promote sustainable economic growth, innovation and healthy communities. Additionally, an average of 50% of funding under the MRIF across Canada is to target "green infrastructure" projects that improve the quality of life and economic opportunities of communities. "Green infrastructure" projects are defined as local projects that improve the quality of the environment and contribute to the quality of human life in such areas as water, wastewater and solid waste management, public transit, and environmental energy improvements.

The fund is cost-shared, with the Government of Canada contributing, generally, one-third of a project's eligible costs. MRIF agreements have been signed with all provinces and territories. As of March 31, 2007, about 54% of funding has been committed to 963 projects under MRIF.

In 2008-09, Infrastructure Canada plans to:

- continue with the sound administration of the MRIF program in cooperation with its federal delivery partners;
- conduct an internal audit of the management control framework of the MRIF program; and
- complete a management response on the mid-term evaluation.

Canada Strategic Infrastructure Fund (CSIF)

CSIF is directed to projects of major federal and regional significance in areas that are vital to sustaining economic growth and enhancing the quality of life of Canadians. These investments are made in cooperation with the provinces, territories, municipalities, and the private and non-profit sectors. Maximum federal funding is set at 50% of total eligible project costs, except for broadband and northern infrastructure projects, where funding can go up to a maximum of 75%. Since the CSIF was established in 2001, 65 projects have been announced totaling more than $4 billion in federal contributions.

CSIF's delivery model is based on a partnership arrangement between Infrastructure Canada and other federal departments that have a direct mandate in a given field or departments and agencies that have a regional development mandate. Infrastructure Canada is responsible for identifying CSIF projects and conducting due diligence on them. The Minister of Transport, Infrastructure and Communities recommends the projects for Treasury Board approval. Infrastructure Canada and the delivery partners negotiate contribution agreements with recipients and the delivery partners implement the project. Interdepartmental Memoranda of Understanding are then negotiated to clarify accountabilities.

Most CSIF funding has been committed, except for limited funding remaining in Ontario, British Columbia, Manitoba, Saskatchewan and Alberta.

Recent examples of infrastructure projects supported under the CSIF include a $46 million upgrade of wastewater infrastructure in Brockville, ON, and more than $20 million to improve broadband access to 43 northern communities.

In 2008-09, Infrastructure Canada plans to:

- continue working with the provinces and territories to identify the projects that will be funded by the remaining uncommitted funds, as well as seeking Treasury Board approval for these projects, and developing the related contribution agreements;

  continue with the sound administration of the CSIF program in cooperation with federal delivery partners;

- respond to the CSIF Internal Audit Report completed in December 2007 and implement the action plan prepared in response to the recommendations;
- complete the mid-term evaluation begun in 2007-08 to assess program design and management and determine results achieved to date; and
- complete a management response on the mid-term evaluation.

Border Infrastructure Fund (BIF)

The BIF was established in 2002 as a $600-million fund to target the six largest surface border crossings between Canada and the United States, as well as several other crossings. It has provided funding for investments in physical infrastructure, intelligent transportation system infrastructure, and improved analytical capacity. The fund reflects the importance of Canada's border crossings and highway approaches to economic growth, trade and security both nationally and internationally. Infrastructure Canada manages the BIF with Transport Canada serving as the implementing partner under the terms of a Memorandum of Understanding.

More than 97% of the BIF funding has been committed with major projects being undertaken in New Brunswick, the British Columbia's Lower Mainland and Southern Ontario. Funding under these programs has already started to decrease congestion at Canada's busiest border crossings.

An internal audit of BIF to assess the adequacy and effectiveness of the management control framework was completed in December 2007. In 2008-09, Infrastructure Canada plans to implement the action plan prepared in response to the recommendations.

A mid-term evaluation for BIF to assess program design and management and determine results achieved to date, begun in 2007-08, will be completed in 2008-09.

Public Transit Fund (PTF)

The PTF was established in 2005 as a one-year $400 million transfer program to provide funding for improved public transit services. It offers the potential to reduce greenhouse gas emissions and smog in urban areas by improving services and offering Canadians greater flexibility in their transportation options.

The PTF is similar in structure and design to the GTF. It offers provinces and municipalities the same kind of flexibility, while establishing shared accountability and reporting mechanisms. Eligible investments include capital expenditures for local public transit

infrastructure projects falling into one of the following categories: rapid transit infrastructure; rolling stock; intelligent transport systems; active transportation infrastructure; and para-transit.

Recent examples of infrastructure projects supported under the PTF include: more than $630,000 to support the establishment of a "smart card" fare collection system in Timmins, ON; and $5.2 million to support an extension of the Greater Victoria Douglas Street Busway system, including the development of bike lanes, in Victoria, BC.

In 2008-09, Infrastructure Canada plans to:

- manage the implementation of PTF agreements, including the coordination and collaboration with provinces, territories and municipalities for its administration;
- conduct an internal audit of the adequacy and effectiveness of the management control framework of PTF; and
- conduct joint evaluations of the program with signatories to assess the success and effectiveness of the program to date.

Policy, Knowledge and Partnership Development

This Program Activity consists of activities undertaken in: policy development; knowledge, research and analysis; and partnership development. The outcomes of this activity are:

- the development of policies and strategic initiatives that are based on research and the input from strong partnerships to address infrastructure challenges and opportunities; and
- research, analysis and policy development that strengthen the effectiveness of infrastructure investments.

Under this Program Activity, Infrastructure Canada works in close partnership with provinces, territories, municipal government and the private sector, respectful of jurisdictions and expertise and in a spirit of open federalism.

Table 9: Financial and Human Resource Requirements, Policy, Knowledge and Partnership Development, 2008-09 to 2010-11

Financial Resources (in $ thousands)

2008-09	2009-10	2010-11
16,314	232	232

Human Resources (full-time equivalents)

2008-09	2009-10	2010-11
84	-	-

Policy

Infrastructure Canada maintains a policy functi[illegible]at: develops innovative policies and programs; identifies and assesses needs with respect to infrastructure; evaluates investments priorities; and, develops policy options. The policy development activity requires a high degree of collaboration with other federal departments and agencies, as well as with provinces, territories, municipalities, municipal associations, First Nations, international organizations, and the private sector.

Infrastructure Canada's planned policy-related activities in 2008-09 include the following:

- provide high quality policy analysis and advice on infrastructure issues to support a growing economy, a cleaner environment and prosperous communities;
- support the implementation of the Building Canada plan;
- implement a performance measurement framework and improve the department's capacity to report to Canadians;
- support the analysis and development of federal policies impacting infrastructure initiatives and other issues related to cities and communities, in collaboration with other federal departments and other stakeholders; this includes, for example, the integration of Infrastructure Canada's objectives with other Government of Canada initiatives, such as Environment Canada's work on climate change adaptation; and
- provide support to the Government of Canada's Private Public Partnership (P3) approach as outlined in the Building Canada plan.

Knowledge

Understanding of infrastructure and communities issues has improved in recent years. However, there are gaps in the knowledge base to support policy development and decision-making with regard to infrastructure policies and investments.

As part of Building Canada, Infrastructure Canada will work with other governments, universities, international organizations, and experts to improve research, knowledge and capacity-building that will promote innovation and progress in delivering world-class public infrastructure and fill knowledge gaps. The federal government's objective is to support horizontal infrastructure research that addresses fundamental and persistent knowledge gaps and emerging issues. This integrated approach seeks to:

- strengthen the information base for decision-making, including improving understanding of the state and impacts of public infrastructure, identifying internal and external conditions that shape Canada's infrastructure needs, emphasizing applied research, technical excellence and sharing of best practices to increase the life expectancy of public infrastructure;
- improve understanding of long-term infrastructure issues, such as the impacts of climate change on construction techniques, how to adapt infrastructure to changes in climate, and improving environmental practices;
- support innovation and efficiency in the management, design, construction, operation, maintenance and rehabilitation of infrastructure; this includes the assessment of new technologies, innovative land use, financing issues, asset management and interdependencies between asset types; and
- measure effectiveness of programs and infrastructure investments, new and existing systems and technologies; this includes addressing data gaps in areas such as asset management and infrastructure needs, improving performance indicators, and determining the economic, social and environmental impacts of infrastructure including productivity.

Infrastructure Canada is reorienting its research and analysis effort to help deliver key elements of Building Canada. These changes include:

- a shift from primarily high-level and exploratory research to more applied internal and external research with partners and end-users;
- increased economic analysis of infrastructure issues;
- better transfer of knowledge and research to external practitioners and internal decision-makers; and

- strengthened partnerships to better exchange information and knowledge, better advise on infrastructure priorities, leverage resources to produce higher quality research, and address knowledge gaps.

Partnership Development

Infrastructure Canada will continue to work in partnership with the provinces and territories, municipalities, First Nations and stakeholders to facilitate economic, social, cultural and environmental sustainability of Canada's communities through infrastructure initiatives.

In 2008-09, Infrastructure Canada will continue to strengthen its capacity to develop strategic policies based on sound knowledge and strong partnerships. Planned initiatives include:

- strengthening collaboration with provinces, territories and municipalities through, for example, federal-provincial/territorial framework agreements and the new Infrastructure Framework Committee to be established under the BCF;
- supporting research collaboration with the National Research Council and the National Round Table on Sustainable Infrastructure to enhance understanding of the state and performance of Canada's core infrastructure;
- supporting the building of municipal capacity in the development of ICSPs;
- maintaining and enhancing strong partnerships with regional development agencies and other partners for the delivery of programs and projects;
- contributing to international activities related to infrastructure, including participating in conferences, delegations and initiatives; these include the World Urban Forum IV, UN-Habitat, OECD Territorial Reviews and the World Bank's indicators initiative; and
- strengthening multi- and bilateral relationships with international organizations, provinces, territories, non-government organizations, including the Federation of Canadian Municipalities (FCM) and municipal associations.

Infrastructure Canada will continue to work with key international bodies on infrastructure issues and best practices. For example, over the past two years, the department has worked with the World Bank on an international project tracking social well-being through a series of global city indicators. Toronto, Montréal and Vancouver have joined a group of international cities in the first of two phases in this project. Phase 2 began in September 2007, and it is hoped that

more of Canada's medium to large-sized communities will take part in mapping out their city's performance. Results of both Phases of this project are expected to be shared at the upcoming World Urban Forum in Nanjing, China, in 2008. Infrastructure Canada, the Province of Ontario and the City of Toronto are collaborating on a review of Toronto as part of the project.

Performance Measurement and Evaluation

This section outlines the approach taken by Infrastructure Canada to monitor the performance of two Program Activities and to measure and report on the results achieved.

Infrastructure Investments

Infrastructure Canada has identified a set of key indicators against which to report, on an ongoing basis, the performance of its various infrastructure funding programs (Table 10).

In 2007-08, Infrastructure Canada initiated the development of a horizontal approach for reporting that encompasses all infrastructure programs under its responsibility. In 2008-09, further work will be conducted in this regard, within the context of the development of a performance measurement framework for the department.

Measuring the outcomes of funding programs requires the conduct of periodic evaluation studies. Results-based Management and Accountability Frameworks (RMAFs) and Risk-based Audit Frameworks (RBAFs) have now been developed for all programs, including the new BCF. These frameworks define expected results for each program and appropriate measurement indicators. They help ensure effective management decision-making and demonstrate clear accountability in the program areas.

In 2006-07, Infrastructure Canada began a mid-term evaluation of the MRIF, which will be completed at the end of 2007-08. On the basis of this evaluation, the RMAF and RBAF for the MRIF will be updated, if necessary, to ensure that they maintain focus on measuring and reporting on outcomes throughout the lifecycle of the program.

The ICP, an older program nearing completion, operates under a Federal Governance and Accountability Framework that identifies roles and responsibilities. In collaboration with its ICP delivery partners, Infrastructure Canada developed an integrated RMAF-RBAF for the ICP extension, and completed the ICP mid-term

evaluation. The results of these two processes indicated the need to be diligent to ensure program completion by the extended deadline, and the importance of working on a method to report outcome measures and of the ability to calculate cost effectiveness. In 2007-08, the Treasury Board of Canada approved the extension of the program up to 2011, and the department is working to improve performance measurement. Furthermore, the summative evaluation of ICP First Nations is being initiated in collaboration with Indian and Northern Affairs Canada and should be completed in early 2008-09. The ICP summative evaluation, excluding the First Nations component, will be conducted in 2008-09.

Infrastructure Canada is negotiating with each jurisdiction on the core performance measures to be used for the various investment areas of the GTF. As well, Infrastructure Canada consulted other government departments, academia and key associations to share information and expertise on relevant performance measures for infrastructure investment. The GTF and PTF are outcomes-based programs designed to provide flexibility to municipalities to fund their local infrastructure priorities that meet national outcomes of cleaner air, cleaner water and reduced greenhouse gas emissions. Provinces, territories, municipalities and Infrastructure Canada share responsibility for reporting on the results of these investments.

In 2006-07, an Advisory Committee with representation from GTF signatories began to assess performance measures suitable for national reporting. A performance measurement framework has been developed and its implementation is underway to measure GTF results. In addition, an internal evaluation of the GTF program is being conducted in 2007-08 to assess the design, delivery and early results of the initiative and to ensure proper management systems are in place to guide the program in achieving its intended outcomes. Furthermore, the department's Evaluation Group is currently working with signatories on the development of a core summative evaluation framework to be performed, jointly by Infrastructure Canada and GTF Agreement parties in 2008-09.

Mid-term evaluations in 2007-08 for CSIF and BIF to assess program design and management and determine results achieved to date will be completed in 2008-09. Both evaluations are being undertaken in collaboration with Transport Canada.

Further information on Infrastructure Canada's evaluation plan is provided in Table 4 of the RPP's Supplementary Information section, available electronically at the website of the Treasury Board of Canada Secretariat: **http://www.tbs-sct.gc.ca/est-pre/20082009/p3a_e.asp**

Table 10: Illustrative Performance Indicators for Infrastructure Programs[5]

Output indicators

- Number of project announcements
- Number of signed agreements
- Number of MOUs with other government departments and partners for delivery
- Number of projects approved

Intermediate results indicators

- Negotiation and completion of agreements and projects in an expeditious fashion
- Collaborative support of other government departments, provinces, territories and key partners
- Resources levered from partners
- Effective program management and oversight of agreements (e.g., risk management, monitoring and reporting, e-management)

Categories for ultimate results indicators

- Safe, reliable transportation
- Sustainable economic development
- Sustainable use and quality of water, and efficient wastewater treatment
- Safe and efficient borders
- Improved innovation and delivery of public services via connectivity
- Efficient and sustainable energy systems
- Improved capacity for integrated community sustainability planning
- New collaborative mechanisms

Policy, Knowledge and Partnership Development

In 2008-09, Infrastructure Canada will make significant progress on a performance measurement framework to encompass the performance of all departmental activities and programs, including performance indicators, expected results and targets for the department's policy, knowledge and partnership activities. The framework will help the department to better meet its reporting objectives.

[5] This table is under review; a working group has been established within Infrastructure Canada to review and develop new performance indicators.

Section III: Supplementary Information

Supplementary Tables

Section III provides a variety of additional information related to Infrastructure Canada's finances, as well as other information required under various government management policies, initiatives and statutes.

Table 1: Departmental Link to Government of Canada Outcomes

(in $ thousands)

Strategic Outcome: Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.				
	Planned Spending			**Alignment to Government of Canada Outcome Area**
	2008-09	**2009-10**	**2010-11**	
Program Activity #1: Infrastructure Investments	2,893,941	4,536,510	4,144,129	Strong Economic Growth
Program Activity #2: Policy, Knowledge and Partnership Development	16,314	232	232	Innovative and Knowledge-based Economy

Program activity 1 contributes to the Government of Canada's "Strong Economic Growth" outcome area. World-class public infrastructure, including efficient transportation systems that allow goods and people to move freely, is critical to ensuring that Canada remains competitive and productive while sustaining and improving the quality of life of Canadians. Infrastructure Canada is responsible for delivering key elements of the Building Canada plan. By supporting modern public infrastructure, Infrastructure Canada promotes the growth and competitiveness of Canada's economy by, for example, facilitating the flow of goods and people, promoting interprovincial and international trade through gateways and corridors, supporting tourism, and increasing the use of e-commerce.

Program activity 2 contributes to the Government of Canada's "Innovative and Knowledge-based Economy" outcome area. Infrastructure Canada supports innovation and progress in delivering world-class public infrastructure and addressing priority infrastructure knowledge gaps through research, knowledge and capacity building, and strong partnerships. Its work:

- strengthens the information base for decision-making, including improving understanding of the state and impacts of public infrastructure, identifying internal and external conditions that shape Canada's infrastructure needs, emphasizing applied research, technical excellence and sharing of best practices to increase the life expectancy of public infrastructure;
- improves understanding of long-term infrastructure issues, such as the impacts of climate change on construction techniques, how to adapt infrastructure to changes in climate, and ways of improving environmental practices;
- supports innovation and efficiency in the management, design, construction, operation, maintenance and rehabilitation of infrastructure, including assessment of new technologies, innovative land use, financing issues, asset management and interdependencies between asset types; and
- measures effectiveness of programs and infrastructure investments, new and existing systems and technologies; this includes addressing data gaps in areas such as asset management and infrastructure needs, improving performance indicators, and determining the economic, social and environmental impacts of infrastructure including productivity.

The following six tables are available electronically at the website of the Treasury Board of Canada Secretariat: **http://www.tbs-sct.gc.ca/est-pre/20082009/p3a_e.asp**

Table 3: Details on Transfer Payments Programs

Infrastructure Canada managed the following transfer payment programs in excess of $5 million for the reporting year:

- Contributions under the Canada Strategic Infrastructure Fund;
- Contributions under the Border Infrastructure Fund;
- Contributions under the Municipal Rural Infrastructure Fund;
- Transfer Payments under the Gas Tax Fund; and
- Contributions under the Research, Knowledge, and Outreach Program (includes the Peer Review Research Studies and the Knowledge-building, Outreach and Awareness programs).

Table 4: Evaluations

This table provides information on upcoming evaluations of the department's work over the next three fiscal years, including the type of program or service to be evaluated and the expected completion date. It also references recent evaluations that have affected departmental plans and priorities, and describes the department's planned course of action.

Table 6: Green Procurement

The federal government's *Policy on Green Procurement* effective April 1, 2006, established environmental performance considerations as a key factor in procurement decisions that occur throughout the life cycle of assets and acquired services. The objective of the *Policy on Green Procurement* is to advance the protection of the environment and support sustainable development by integrating environment performance considerations into the procurement decision-making process. Deputy Heads are accountable to ensure that the objectives of the Policy are realized and are required to report on green procurement performance through the annual RPP and the departmental performance report (DPR). Supplementary information on green procurement can be found at **http://www.pwgsc.gc.ca/greening/text/proc_e.html**

Table 7: Horizontal Initiatives

The objective of reporting on horizontal initiatives is to provide Parliamentarians, the public and government with an overall picture of public expenditures, plans, priorities and achievements for all major horizontal initiatives.

A horizontal initiative is an initiative in which partners from two or more organizations have agreed under a formal funding agreement to work towards the achievement of shared outcomes. Infrastructure Canada has the lead for the following horizontal initiatives: CSIF; BIF; ICP; and MRIF.

Table 8: Internal Audits

This table provides information on upcoming audits of the department's work over the next three fiscal years, including the type of program or service to be audited and the expected completion date. It also references any significant findings from any internal audits not already identified in any previous RPP or DPR.

Table 12: Services Received Without Charge

This table identifies the services received without charge by the department, such as accommodations provided by Public Works and Government Services Canada and salary and associated expenditures of legal services provided by the Department of Justice Canada.

Section IV: Other Items of Interest

Internal Services

Infrastructure Canada's third Program Activity is Internal Services, which promotes excellence in program and corporate management in support of Infrastructure Canada's priorities. Internal services consists of the following services: Information Technology, Information Management; Financial Management; Human Resources Management; Legal Services; Facilities/Asset Management; Internal Audit; Evaluation; Public Affairs/Communications; and Management and Oversight.

The Minister, supported by the Deputy Head, is responsible for ensuring that Government priorities are pursued through Infrastructure Canada.

Infrastructure Canada is well-positioned to support the Government of Canada's goals of a stronger economy, a cleaner environment and more prosperous communities. Success requires all parts of the organization to recognize the complementary roles they play within the Portfolio, and their respective roles in supporting the Minister in his responsibilities toward Parliament and Canadians.

Management Accountability Framework

Infrastructure Canada continues to pursue several enhancements to various modern management practices within the overall MAF. This is consistent with its vision to deliver, under prudent stewardship, quality programs that generate results for Canadians.

Infrastructure Canada is working to develop and implement phase 2 of the Treasury Board Management, Resources and Results Structure (MRRS) Policy. The MRRS is designed to improve reporting to Parliament, provide the basis to support improved decision-making, and support the horizontal management of government priorities. Phase 2 consists of the development of a performance measurement framework and the development of a governance structure for decision making in the department.

The performance measurement framework will help gauge the performance of all departmental activities and programs, identifying performance indicators, expected results and targets. The framework will help to provide more information in future RPPs and departmental performance reports. Development of the performance measurement framework is being led by a working group consisting of representatives from all departmental branches. Infrastructure Canada will also seek inter-departmental advice and expertise.

Infrastructure Canada also continues to respect Government of Canada administrative policies in such areas as proactive disclosure, public opinion research, and communications.

Financial Management and Control

The Chief Financial Officer (CFO) for Infrastructure Canada has lead responsibility for the department's financial management and control framework and is supported in this role by a strong working relationship with the Comptroller General of Canada.

As Infrastructure Canada moves forward with implementation of the Building Canada plan, discussions will continue with central agencies regarding the establishment of a stable ongoing funding base for the department. Other priorities include strengthening financial policies and procedures and establishing a new suite of internal controls to ensure sound financial management. The department will also be restructuring its shared services arrangements with its delivery partners to ensure that services and costs are aligned with evolving requirements.

Risk Management

The risk management function serves to continue to promote and advance the department's Integrated Risk Management (IRM) initiative. In 2008-09, Infrastructure Canada will update the 2007 Corporate Risk Profile (CRP), monitoring progress in implementing CRP mitigation measures, and completing risk profiles for each branch. To build on the IRM experience developed throughout the government, the lead on the department's risk management initiative will participate in the development of an IRM network.

Human Resources Strategy

Infrastructure Canada respects and supports the career aspirations of its employees. It seeks their opinions and celebrates their achievements. The success of the organization depends on a dedicated, well-trained and diverse workforce. Infrastructure Canada's new Human Resources (HR) strategy focuses on public service renewal, and concentrates on the following six key areas to ensure that the department has the right people to deliver programs and serve its clients.

1. Human Resources Planning

The Clerk of the Privy Council emphasizes the importance of human resources planning to successful recruitment and to the renewal of the public service. Infrastructure Canada's corporate HR plan is in place, and managers will develop HR plans at the branch and division levels.

An important tool in developing effective HR plans is an accurate, responsive human resources reporting system. The department, therefore, is enhancing its use of the Human Resources Information System (HRIS) operated by Public Works and Government Services Canada. HRIS will help the department fulfill some of the reporting requirements under the *Public Service Modernization Act* (PSMA), and will facilitate effective human resources planning by providing accurate and up-to-date employee information.

Another aspect of the PSMA that requires attention is the Informal Conflict Management System. Currently, Infrastructure Canada has an agreement with the Department of Fisheries and Oceans for those services, but there is a need to establish its own system.

2. Recruitment

The HR plans will set out strategies to hire the right employees at the right time. The department will avail itself of all the options and flexibilities allowed under the *Public Service Employment Act*, including, as appropriate, non-advertised appointments. Recruitment approaches will include:

- recruitment of new employees through post-secondary initiatives such as Student Bridging;
- recruitment through public-service wide development programs such as the Management Trainee Program, the Accelerated Economist Training Program, the Financial Officers Recruitment and Development Program, and the Recruitment of Policy Leaders Program;
- collective staffing to fill junior positions; and
- targeted recruitment of municipal, provincial and territorial employees.

3. Retention

As a small entity, Infrastructure Canada faces challenges in retaining employees and offering comprehensive career development opportunities. In an effort to find out why employees leave the department, Infrastructure Canada developed an exit interview and has contacted former departmental employees. The results will be analyzed and the lessons learned shared with senior managers, with the ultimate goal of developing corporate and branch retention strategies.

A corporate employee orientation program has also been implemented so that new employees feel welcome and understand where they fit in the department.

4. Development

Employees need opportunities to develop their skills and expertise so that they can advance in their careers. In addition to leveraging public-service wide development programs, Infrastructure Canada will consider creating internal development programs for all occupational groups, beginning with those groups that have been identified as seriously under-staffed.

Learning plans help employees identify activities that will assist them in attaining their career goals. A realistic goal for the department is that 90% of its employees have learning plans within three months of starting in their current position. There will be a mid-year review of each plan, done by supervisors in consultation with their employees.

5. Diversity (Employment Equity, Official Languages)

Infrastructure Canada has exceeded its employment equity (EE) targets in almost all areas. The department will review its EE goals in terms of current and future organizational needs and take steps to ensure that the EE plan contains measures to help the department meet or exceed all targets. Given the changing nature of the Canadian workforce, in particular the increasing number of Aboriginals and members of visible minorities entering the labour market, very careful monitoring will be required well into the future to ensure that the department continues to reflect Canada's growing diversity.

In terms of official languages capacity, Infrastructure Canada has a highly regarded record, and has been cited for its progress in this area by the Canada Public Service Agency's Official Languages Branch. The challenge for the department is to build on this work, while balancing the need for bilingual services with issues related to succession planning, employment equity, and bringing new recruits into the public service.

6. Values and Ethics

Public service values and ethics guide and support Infrastructure Canada's employees in their professional activities, and serve to maintain and enhance public confidence in the integrity of the public service. With the promulgation of the *Federal Accountability Act* and the *Disclosure Act*, there will be an increasing focus on values and ethics at all levels of the public service. Infrastructure Canada will, therefore, take all necessary measures to meet its obligations under both laws. As a first step, a departmental Code of Conduct will be developed.

Internal Audits

Infrastructure Canada's three-year plan for internal audits for 2007-08 to 2009-10 is summarized in Table 8 of the RPP, available electronically at the website of the Treasury Board of Canada Secretariat: **http://www.tbs-sct.gc.ca/est-pre/20082009/p3a_e.asp**

An assurance audit of the adequacy and effectiveness of the management control framework of two infrastructure contribution programs – CSIF and BIF – was recently completed. The audit concluded that the CSIF and BIF contribution programs adhere to applicable legislation, policies and procedures. There are, however, weaknesses with respect to the monitoring, information for decision making, recruitment and retention of personnel and risk management that are impacting the management control framework of these programs. A management action plan addressing the recommendations formulated has been developed and approved by the departmental audit committee.

Audits expected to be initiated in 2008-09 include assurance audits of: the GTF and PTF management control frameworks; assurance audit of the management control framework of the Research, Knowledge and Outreach contribution program; information technology (IT) security; controls in place over HR data; and contracting and procurement.

A new Treasury Board audit policy with a three year phased implementation came into effect on April 1, 2006. Based on this policy and expected guidance from the Office of the Comptroller General, Infrastructure Canada will be further reviewing its roles, responsibilities, planned activities, and resource requirements for audit.

Evaluation Services

Infrastructure Canada's evaluation function activities are increasing significantly, as some older infrastructure programs are scheduled to wind down and new programs are put in place (see Section III, Table 4 for details). The evaluations will provide useful information and lessons learned in order to guide the renewal of programs and the implementation of the new programs.

In 2007-08 Treasury Board allocated funding to improve Infrastructure Canada's evaluation capacity. The department recruited new staff and is planning to continue to build its evaluation team to ensure that it has the capacity to deliver its evaluation plan.

Information Management/ Information Technology Strategy

Infrastructure Canada is committed to using information technology and information management products and services strategically to support its priorities. The Shared Information Management System for Infrastructure (SIMSI) is a secure, user-friendly, bilingual, web-based information management system that allows users to register projects online, monitor project status and access benefits and payment information. SIMSI is used as a key management tool by Infrastructure Canada and its federal and provincial partners in their oversight role for the current suite of infrastructure programs.

The main planned activities for 2008-09 related to SIMSI include the following:

- timely identification of requirements to enable systems and project management tools needed in support of the Building Canada plan;
- further improvements to the reporting tools and easier access to information captured in SIMSI; and
- leveraging technology acquired to refresh older equipment in order to provide more robust and efficient national access to SIMSI.

In addition, the Information Management/Information Technology Directorate of Infrastructure Canada is implementing key stewardship processes in support of the Management Accountability Framework. These include a risk management process, key human resources processes, and detailed contract management processes. Compliance with the Management of Information Technology Security standards is being addressed with the creation of an IT Security group within the directorate responsible for ensuring all departmental applications and technical solutions are engineered within the standards. The Information Management group continues to work with program managers to ensure information management requirements are addressed early on in the design of new programs while monitoring and evaluating current requirements. Work to geographically reference projects supported by Infrastructure Canada will be completed in order to establish a standards-based baseline for project categorization, mapping and visualization.

Communications

The Communications Directorate of Infrastructure Canada informs a wide range of audiences about infrastructure funding and projects, and supports the department's research program. Communications activities are coordinated and delivered with its portfolio partner,

Transport Canada, as well as with regional development agencies, other federal partners, provincial, territorial and municipal governments and the private sector.

The Communications Directorate provides proactive media relations to support ministerial announcements and events. It also develops consistent communications approaches and products to increase awareness and understanding by Canadians of the federal role in meeting the country's infrastructure challenges. As well, the directorate manages the on-line and phone query lines and the departmental and Building Canada websites.

Implementation of Building Canada will require communications support for agreements and project announcements, finalization of communications protocols for those agreements, partner agreements on project signage and implementation of a marketing program built around annual reporting to Canadians on the results of the plan.

Other functions of the directorate include outreach activities through participation in various conferences and forums to help raise awareness of federal infrastructure programs and departmental programs. For example, Infrastructure Canada plans to participate in municipal conferences, such as those of the FCM and the Canadian Society for Civil Engineering. The Communications Directorate also conducts media monitoring analysis to track current and emerging public issues and trends reported by the media as they relate to Infrastructure Canada's policies, programs, services and initiatives. The directorate also uses public environment research to help ensure that the views of Canadians contribute to formulating policy and programs approaches. The findings of this research will support policy development initiatives and related communications strategies.

For More Information

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